EUROPEAN COMMISSION

Cabinet of Commissioner Jonathan Hill
Head of Cabinet

Brussels, – 4 SEP. 2015
(2015)3461241

H. E. Mr Pieter de Gooijer
Ambassador Extraordinary and Plenipotentiary
Permanent Representative of the Netherlands
Avenue de Cortenbergh 4-10
B-1040 Brussels

Your Excellency,

Please find enclosed a letter from Commissioner HILL.

I would be grateful if you could arrange for its onward transmission to Mr Jeroen Dijsselbloem, Minister of Finance.

Yours faithfully,

Matthew Baldwin

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LORD HILL
MEMBER OF THE EUROPEAN COMMISSION

B-1049 BRUSSELS

Brussels, - 4 SEP. 2015
(2015) 3648467

Mr Jeroen Dijsselbloem
Minister of Finance of the Netherlands

Dear Jeroen,

Thank you for your letter of 7 November 2014 concerning EU-wide bank account number portability which we briefly discussed during my visit to Amsterdam last June. I am sorry it has taken such a long time to give you a considered reply.

In your letter you refer to the recent adoption of the Payment Accounts Directive (PAD) and to our impact assessment, in which the Commission examined the costs and benefits of the introduction of account number portability in the EU. As you correctly pointed out in your letter, our impact assessment concluded that the costs related to portability in the EU would outweigh potential benefits.

In the context of the on-going implementation of PAD, the Commission follows closely national developments in the area of switching of payment accounts. It collects the relevant data and monitors market trends. Based on this information, the Commission will prepare a future review of the Directive which will include a reassessment of the costs and benefits of the implementation of Union-wide portability.

However, it is worth pointing out the drawbacks of pan-European portability. Certain digits of the present bank account IBAN structure, endorsed by the SEPA end-date Regulation, define the country and the bank where the account is held. If pan-European bank account portability were introduced, the Regulation adopted in 2012 would have to be reviewed to modify these IBAN "identifiers". As a consequence, all bank customers in Europe would need a new IBAN number and all banks would have to adjust their IT systems accordingly. This would also require the creation of appropriate European databases to ensure that all bank customers have a truly unique account number.

While these changes are technically feasible, they would certainly be very costly – both directly to the financial industry and indirectly to consumers. During the PAD review, these costs will be duly examined and quantified, together with potential benefits. The results will allow us to verify whether the benefits, in terms of improved market competition, would outweigh the costs, and hence whether it is justified to consider the introduction of EU-wide portability.

In any case, the adoption of a new IBAN scheme in the EU in our view would require a truly integrated single market for retail financial services for consumers and providers of financial products to move across borders. As a first step, the upcoming Green Paper consultation (to be issued by the end of 2015) will consider what remains to be done to make the single market work better for retail customers.

Yours,

JONATHAN HILL